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Message Text

SECRET

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46
ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W
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O R 261250Z JUN 74
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC IMMEDIATE 7068
INFO AMEMBASSY ABU DHABI
USINT ALGIERS
USINT BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DHAHRAN
AMEMBASSY JAKARTA
AMEMBASSY JIDDA IMMEDIATE
AMEMBASSY KUWAIT
AMEMBASSY LAGOS
AMEMBASSY LONDON
AMEMBASSY QUITO
AMEMBASSY TRIPOLI

S E C R E T TEHRAN 5264

EXDIS

STATE ALSO FOR T/IEP

KUWAIT PASS DOHA

E.O. 11652: GDS
TAGS: ENRG, IR, OPEC, SA
SUBJ: NIOC OFFICIAL'S COMMENTS ON QUITO OPEC MEETING

REF: A) TEHRAN 5237 B) TEHRAN 4736

1. CONSORTIUM REPRESENTATIVE ROGER VARIAN TOLD EMBOFF FOLLOWING WAS TOLD HIM JUNE 26 IN CONVERSATIONWITH DR. PARVIZ MINA (PRO-TECT) OF NIOC: MINA SAID KUWAITIS SEVERELY ATTACKED IRANIAN DELEGATION AT QUITO FOR ACCEPTING DOLS3.50 PROVISIONAL BALAN-CING MARGIN BECAUSE IT BASED ON ASSUMED BUYBACK AND MARKET PRICES OF LESS THAN 93 PERCENT OF POSTED PRICE. MINA FUTHER
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SAID YAMANI TOLD HIM FIRM AGREEMENT HAD BEEN REACHED WITH ARAMCO

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THAT BUYBACK PRICE (FOR BOTH PHASE-IN AND BRIDGING OIL) FOR LAST FOUR MONTHS OF 1973 WOULD BE 93 PERCENT OF POSTED PRICE. YAMANI FURTHER TOLD DR. MINA THAT HE AND ARAMCO HAD AGREED ON "100 PERCENT PARTICIPATION" AND NEGOTIATION OF CONTRACTS TO GUARANTEE PORTION OF PRODUCTION TO ARAMCO PARTNERS. ONLY ISSUE TO BE SETTLED (YAMANI REPORTEDLY TOLD MINA) ARE PRICE AND VOLUME OF OIL. MINA SAID YAMANI ASSURED HIM THAT PRICE WILL NOT BE LOWER THAN "WEIGHTED AVERAGE OF TAX-PAID-COST AND BUY-BACK PRICE OF 93 PERCENT OF POSTED PRICE," PRESUMABLY BASED ON QATAR AND KUWAIT TYPE AGREEMENTS.

2. VARIAN SAID NIOC OFFICIAL S HAVE NOT YET COME TO GRIPS WITH PROBLEM OTLOOW TO APPLY QUITO DECISION ON TWO PERCENT ROYALTY INCREASE.

3. COMMENT: WE RECOGNIZE THAT MINA, IN VIEW OF RELUCTANCE OF MANY NIOC OFFICIAL S TO ACDEPT DOLS3.50 BALANCING MARGIN AND IN ANTICIPATION OF PROBABLY NIOC DESIRE TO RENETOTIATE SEVERAL PROVISIONS OF 1973 PRUCHASE-SALES AGREEMENT, MAY BE CITING YAMANI IN MANNER MOST SUPPORTIVE OF NIOC NEGOTIATING POSITIONS. PLEASE PROTECT MINA CAREFULLY.
HELMS

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